

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/21)
BUTTER: Grade AA closed at \$1.6350. The weekly average for Grade AA is \$1.6358 (-.0017).

CHEESE: Barrels closed at \$1.3900 and blocks at \$1.4675. The weekly average for barrels is \$1.4140 (+.0395) and blocks, \$1.4645 (+.0350).

BUTTER: The cash butter price continues to adjust higher and lower within a narrow range. Butter producers and handlers are wondering if the cash price will spike in November like last year. Most are assuming that the price will not, or at least not to the magnitude of last year. Churning activity across the country is seasonally strong. Cream offerings fluctuate, but for the most part are available to butter producers and often heavier than anticipated. Stocks of fresh and inventoried butter are sufficient to maintain steady shipments. Overall demand for butter is fair. Thanksgiving orders have generally been placed with yearend orders continuing to develop. At this point, it appears that retail feature activity might not be as aggressive as in years past during the yearend holidays.

CHEESE: The cheese market is mixed though with a cautious undertone. Buyers that were waiting for prices to hit the bottom of the price cycle are again reordering for short term and holiday needs. Demand is moderate. Swiss interest is strong seasonally and cream cheese demand has improved. Process interest is slow to generally fair at best. Some plant operators have reduced schedules due to concern over the likely negative returns from making cheese compared to the cost of production. Cheese production is steady to often lighter seasonally.

FLUID MILK: Milk production trends continue steady to higher and are coming off seasonal lows in many regions of the U.S. Fluid milk demand is fairly steady from school accounts and retail accounts have been active, especially when featured. Bottlers are stating that resin supplies to make plastic jugs are adequate for current needs, but they remain concerned over increased prices and future availability. Milk output is higher in the Southwest as cow numbers are increasing and weather has cooled. Volumes are higher in California and are also above a year ago. Production levels are mixed in the Pacific Northwest with some locations lower and others higher. Fat and protein tests are improving. Milk and milk solids are trending seasonally higher in Utah and Idaho. Midwestern milk receipts are lower in the northern states, but steady to higher in the southern states. In the Southeast, milk is trending higher. Florida continues to import projected volumes of milk, but the anticipation of Hurricane Wilma hitting the state this weekend is impacting milk needs. Also, milk moving to the Southeast to fill in needs is less than desired due to the lack of tanker and trucker availability.

DRY PRODUCTS: There are lower prices noted for nonfat dry milk in the Central and West regions following lower index pricing reported last week. Export prices were the major factor in the decline. Demand for NDM is fair for domestic accounts and fair to good for export interest. Export volumes continue to clear stocks. Through August 2005, exports of NDM/SMP total over 461 million pounds, 71.8% higher than the same period in 2004. The dry whey market is steady to firm in light spot trading. Demand is fair to good for current offerings. Exports continue to clear whey. There

are more concerns about energy surcharges and how they will impact future sales. Resale prices are being offered at premiums. The WPC prices continue to trend lower. Offerings are available from producers and resellers. Additional imported product is trading. Lactose prices are higher and firm. There are talks that energy surcharges could appear on future lactose pricing arrangements.

CCC: During the week of October 17 - 21, there was no dairy price support activity.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for November 2005 is \$14.56, up 29 cents from October. This price is derived from the advanced Class III skim milk pricing factor of \$8.48 and the advanced butterfat pricing factor of \$1.8226 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for November is \$8.11 and the Class II nonfat solids price is \$0.9011 per pound. The following are the two-week product price averages: butter \$1.6338, nonfat dry milk \$0.9719, cheese \$1.5205, and dry whey \$0.3055.

MILC EXTENSION (U.S. SENATE): On Wednesday, October 19, the Senate Agriculture Committee adopted legislation to extend the National Dairy Market Loss Payment program, also known as the Milk Income Loss Contract (MILC) program, through September 30, 2007. The payment factor will be reduced from 45 percent to 34 percent.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 23 major states during September totaled 13.0 billion pounds, up 4.9% from September 2004. August revised production, at 13.6 billion pounds, was up 4.8% from August 2004. The August revision represented an increase of 22 million pounds from last month's preliminary production estimate. Production per cow averaged 1,597 pounds for September, 64 pounds (4.2%) above September 2004. The number of milk cows on farms was 8.16 million head, 54,000 head (0.7%) more than September 2004, and 1,000 head more than August 2005. Milk production in the U.S. during the July-September quarter totaled 44.0 billion pounds, up 4.2% from the July-September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.05 million head, 27,000 head more than the same period last year.

SEPTEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During September about 9.5 billion pounds of milk were received from producers. This volume of milk is 20.7% higher than the September 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.3%.) About 3.8 billion pounds of producer milk were used in Class I products, 2.2% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilizations were; Class I = 40%, Class II = 13%, Class III = 38%, and Class IV = 9%. The weighted average statistical uniform price was \$15.28 per cwt., \$0.12 higher than last month, and \$0.24 lower than last year.

****SPECIALS THIS ISSUE****

MARKET NEWS INTERNET & RECORDED INFORMATION ACCESS (ORANGE SHEET)

SEPTEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (PAGE 8)
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SEPTEMBER MILK PRODUCTION (PAGE 7)

**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY OCTOBER 17	TUESDAY OCTOBER 18	WEDNESDAY OCTOBER 19	THURSDAY OCTOBER 20	FRIDAY OCTOBER 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4200 (+.0400)	\$1.4200 (N.C.)	\$1.4200 (N.C.)	\$1.4200 (N.C.)	\$1.3900 (-.0300)	(+.0100)	\$1.4140 (+.0395)
40# BLOCKS	\$1.4625 (+.0050)	\$1.4625 (N.C.)	\$1.4650 (+.0025)	\$1.4650 (N.C.)	\$1.4675 (+.0025)	(+.0100)	\$1.4645 (+.0350)
BUTTER GRADE AA	\$1.6475 (N.C.)	----	\$1.6250 (-.0225)	----	\$1.6350 (+.0100)	(-.0125)	\$1.6358 (-.0017)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USD.A.GOV/DAIRYMARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 17, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.4200; 2 CARS 40# BLOCKS: 1 @ \$1.4600, 1 @ \$1.4625; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.4625, 2 @ \$1.4575; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.6450, 1 @ \$1.6475; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.6500, 1 @ \$1.6600

TUESDAY, OCTOBER 18, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 4 CARS 40# BLOCKS @ \$1.4625; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 19, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.4650; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.4650, 1 @ \$1.4625; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.6400; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.6000; OFFERS UNCOVERED: 21 CARS GRADE AA: 1 @ \$1.6250, 3 @ \$1.6275, 2 @ \$1.6300, 1 @ \$1.6350, 1 @ \$1.6375, 3 @ \$1.6400, 3 @ \$1.6425, 2 @ \$1.6450, 3 @ \$1.6475, 2 @ \$1.6500

THURSDAY, OCTOBER 20, 2005

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.4650; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.4650; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 21, 2005

CHEESE — SALES: 1 CAR BARRELS @ \$1.3900; 4 CARS 40# BLOCKS: 2 @ \$1.4650, 2 @ \$1.4675; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.4675, 2 @ \$1.4650; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.4000, 1 @ \$1.4200
 BUTTER — SALES: 16 CARS GRADE AA: 6 @ \$1.6250, 1 @ \$1.6300, 4 @ \$1.6250, 2 @ \$1.6300, 1 @ \$1.6350, 1 @ \$1.6375, 1 @ \$1.6350; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.6275, 2 @ \$1.6250; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.6375, 4 @ \$1.6400

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The butter market is a little unsettled. The CME, cash price has moved higher and lower in the same week each of the past two weeks. Trading is in a narrow range, but with prices fluctuating like they have been, there are no clear signals on market trends/direction. Churning activity is moderate in the East and bulk and packaged butter supplies are heavier than they were a year ago. Most chain store buyers have already placed Thanksgiving orders and are now looking to the year-end holiday needs. Some buyers would like to see lower prices for their next round of holiday purchases. Many wonder if prices will spike like they did last November and should they buy now while prices are relatively low. Current retail sales are fair and food service orders are unchanged. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The cash market at the CME continues to adjust higher and lower within a narrow range. Producers and handlers remain quite surprised at the current price level of the cash market. Many do not foresee the cash market increasing sharply during upcoming weeks, but then recall what occurred last year during the first half of November when the cash price increased sharply from lower than current levels to over \$2.10 per pound. Churning activity is seasonally active, depending on cream availability. For most Central butter producers, cream offerings are mixed. Some indicate that volumes are typical for this time of the season, while others state that surplus volumes are heavier. Butter

orders are reported to be seasonally strong. Most Thanksgiving orders have now been placed and shipment of these orders continue. Producers and handlers state that butter demand will continue to increase until Thanksgiving, remain strong for about a month, and then drop off. At this point, stocks are sufficient to maintain timely shipment schedules. Most traders and handlers do not anticipate difficulty in filling year end orders at this time. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME have gyrated both higher and lower in the same week within a narrow range for the last few weeks. The price at midweek stands at \$1.6250. Contacts are wondering if prices will show a price spike in November like they did last year. Most are assuming that they will not, or at least not the magnitude of last year. Many orders have been placed and are beginning to ship for the Thanksgiving holiday period. Not many features are noted at the retail level. Food service orders are fair at best. There seems to be sufficient current butter around to cover needs. Stocks of stored butter are also available. Cream supplies for churning are generally above expectations in the West. Cream multiples are under pressure. Demand is not aggressive going into the fourth quarter. Overall supplies appear to be adequate. CME weekly warehouse stocks declined by 1.4 million pounds last week to stand at 61.2 million pounds. In the last five weeks, stocks declined by 13.7 million pounds this year compared to 26.6 million pounds for the same period last year. Bulk butter prices range from 1 cent under to 4 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
OCTOBER 15	1,5121	1,4538	0.9750	1.6215	0.3068
	9,103,827	9,416,131	12,296,484	2,122,325	10,860,200

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are often lower, but the market tone is a little firmer. As prices have dipped substantially in the past two to three weeks, buyers have now reentered the market before prices rebound. Through October 17, the 40# block price at the CME has increased four consecutive sessions and buyers, who purchase on the CME weekly averages, seem eager to place orders ahead of anticipated increases. This improved demand is putting some strain on producer inventory and production levels, but demand does typically improve at this time of year. Cheese output in the Northeast is steady to lighter. Some cheese makers are not getting all the milk they would like while others report fully adequate milk supplies. However, Class III milk prices, plus delivery costs do remain relatively high in comparison to cheese prices. Retail sales range from fair to improved, when featured. Food service orders are about steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5125-2.0325
Cheddar Single Daisies	:	1.4700-1.9450
Cheddar 40# Block	:	1.5700-1.8425
Process 5# Loaf	:	1.5850-1.8225
Process 5# Sliced	:	1.6050-1.8300
Muenster	:	1.5850-1.7850
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled, with a few traders skeptical about the need for higher prices. Cash cheese prices at the Chicago Mercantile Exchange have rebounded from a brief low much like a year ago, though at lower prices this year. Buyers that try to make larger purchases at the low end of the price cycle have stepped back in as cash prices rebound. Orders have improved for some packagers though a bit slower for others. Mozzarella demand is fairly good. Current natural American orders are generally moderate. Process orders are steady to often lighter at generally fair levels. Supplies are not far from in balance for many producers. Many larger buyers and sellers continue to work on committed supply agreements for next year. Cheese makers continue to try to pass on sharp increases in energy and packaging costs to customers, not always successfully. A few operations are trying to balance cheese supplies with demand by selling milk to specialty cheese makers or other users. Cheese production is about steady as increased cheese yields partially offset lower milk use. Trucking remains a big headache for many shippers.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6250-1.9700
Brick And/Or Muenster 5#	:	1.9700-1.9775
Cheddar 40# Block	:	1.7800-2.2650
Monterey Jack 10#	:	2.0000-2.2650
Blue 5#	:	2.2750-2.6700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6075-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
10/17/05	34,318	:	133,414
10/01/05	37,238	:	137,515
CHANGE	-2,920	:	-4,101
% CHANGE	-8	:	-3

WEST

Many contacts believe that a bottom has been put in for the current price cycle early last week and prices have been firming since that time. At mid-week, block prices at the cash CME market stood at \$1.4650. Buyers are more aggressive in looking for cheese this week. Many believe that prices will likely go higher so that they are booking additional cheese as it becomes available. Others buyers still think it is possible that prices could move lower in the near future so they continue to hold off on additional purchases. Most buyers are not covered for cheese for the normally good fourth quarter sales period. Some cheese plants have not been operating on full production schedules recently as demand had slowed and margins are not positive because of high milk prices. Therefore, producer stocks of cheese did not grow as much as some had anticipated over the slow sales period of the last few weeks. Process cheese demand is seasonally slower. Swiss sales are increasing as the fourth quarter progresses. Mozzarella sales are strong enough to absorb current production and stocks are in good balance.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5250-1.7825
Cheddar 40# Block	:	1.5500-1.9025
Cheddar 10# Cuts	:	1.7300-1.9500
Monterey Jack 10#	:	1.7400-1.9000
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady to lower. The domestic cheese market has been weaker pricewise for the past few weeks and buyers are now showing more interest before prices start to rebound. Imported cheese prices are mostly unchanged. Supplies of most cheese are adequate to meet current needs. Some cheeses are in better demand due to lower prices (Gouda) and production has eased during the first half of the year. Prices of other EU cheeses are fairly steady. Imports are easing as we near the end of the year and licenses are either filled or being turned in to avoid penalties on next year's volumes.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300	: 1.8250-3.3150*
Gorgonzola	: 3.6900-6.0900	: 2.3375-2.4900*
Parmesan (Italy)	: TFEWR	: 3.2400-3.3450*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-5.9400*	: 1.8275-2.0625*
Romano (Cows Milk)	: -0-	: 3.0225-5.1650*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	230	0	239	0	216	0
SOUTHEAST STATES	76	0	91	0	0	0

September milk production in the 23 major states totaled 13.03 billion pounds, up 4.9% from September 2004. The following are the September-to-September changes for selected states: Florida +7.9%, Texas +7.8%, Pennsylvania +5.9%, New York +5.8%, Virginia +2.2%, Vermont +1.4%, and Kentucky -2.8%. Regional Milk Market Administrators announced the following, September 2005 uniform prices: Northeast \$15.92, Mideast \$14.94, Appalachian \$16.37, Southeast \$16.32, Florida \$17.47, and Western New York (a state order) \$15.41 at the base city or county in the orders. Contacts have commented that conversations at producer meetings have centered on this year's "decent" milk prices being offset by the increasing costs of fuel for machinery and heating. Milk production is slightly higher and lower depending on contact location. In the far north, the milk flow is at or near the annual low point. Typically, November is the low point in output-per-day, but some contacts feel that they have already hit and are holding at the "bottom." In the Southeast, milk production is creeping higher in most areas. Fluid milk supplies range from well balanced to long. The Southeast's need for milk continues to be good, but some seasonal purchasing agreements are coming to an end. This will impact milk shipments into some states. Florida's needs are little changed, but the prospects of Hurricane Wilma making landfall this weekend has bottlers and milk handlers increasing orders ahead of the storm. For the entire Eastern region, bottled milk orders are mostly good. Reportedly, resin (used to make bottles) availability is getting back to normal, but still tight in some areas. Anecdotal reports note plants that had been limiting the bottling of fruit drinks are again able to package those products. For all fluid products, trucking continues to be major issue, both for cost and availability. Contacts have already begun planning for the holidays and their projected hauling needs. Surplus milk volumes are a little heavier in the Northeast, light to moderate in the Middle Atlantic and Southeastern areas. A cheese plant that is reportedly near the end of operation is pushing more milk back into its supplying plant's manufacturing system. Elsewhere, manufacturing is moderate to light. The condensed skim market is steady, but offerings are heavier in some areas. Prices are unchanged and demand is steady. The fluid cream market is weaker as supplies are generally long this week. Contacts comment that offerings are heavy. As mentioned above, trucking is a big factor in this market. Spot prices are mostly steady as there has been little change in the CME butter average and multiples used to determine cream prices. Class II cream demand is mixed, but some instances of improvement have been noted. Ice cream makers, following seasonal patterns, are ordering fewer spot loads. Production of dips, bottled cream, and aerosol whipping cream are starting to pick up. Also, cream cheese manufacturers are ordering more spot loads now that seasonal end-product sales are expected to increase and cream prices are not as high as they were a month or so ago. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0960-2.2598
DELIVERED EQUIVALENT ATLANTA	-	2.1288-2.2925 M 2.1779-2.2598
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.0469-2.1615

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0000-1.0800
NORTHEAST- CLASS III - SPOT PRICES	-	1.0500-1.1200

MIDWEST

Class I interest is steady to generally slower. At least one bottler started making eggnog for the upcoming holiday season. Resin supply problems seem to be easing a bit though another hurricane could again disrupt production. Regular milk shipments into the Southeast continue though may be interrupted by Hurricane Wilma soon. Manufacturing milk interest is good from some specialty varieties and steady at others. Reported spot milk prices range from about \$1.75 - 2.50 net over class. Rapidly escalating fuel surcharges could further reduce the actual net price. A few other plants (some cheddar/American makers) seem to be trying to balance cheese supplies with demand by selling extra milk. Cream interest is slower, particularly around midweek. Churning is surprisingly active as demand

for other uses slowed. As more bottlers and Class II users start preparing holiday items such as eggnog and dips, cream offerings could tighten. Current milk receipts are steady to generally easing lower seasonally though a few other operations note slight increases. Fat and protein levels continue to rebound slowly from summer lows. Initial estimated September milk production in selected Midwestern states compared with 2004 is: Wisconsin, 1.88 billion pounds, up 96 million pounds (5.4%); Minnesota, 646 million pounds, up 11 million pounds (1.7%); Michigan, 541 million pounds, an increase of 35 million pounds (6.9%); Iowa, 301 million pounds, down 1 million pounds (-0.3%); Indiana, 252 million pounds, up 21 million pounds (9.1%); and Texas 485 million pounds, up 35 million pounds (7.8%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 51.00	\$ 47.00- 53.50
REPLACEMENT HEIFER CALVES	\$500.00-750.00	\$300.00-625.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 13 - 19	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 53.00	\$ 47.00- 54.00

WEST

September U.S. milk production totals 13.03 billion pounds, up 4.9% from last year. Cow numbers were up 54,000 head or 0.7% and production per cow was up 64 pounds or 4.2%. Output for Western states compared to last year is as follows: Arizona +2.2%, California +3.4%, Colorado +9.4%, Idaho +14.0%, New Mexico +4.8%, Oregon N/C, and Washington +5.9%. Cow numbers increased 39,000 head in Idaho and 28,000 head in California from last year. Production per cow compared to last year jumped 6.0% in Colorado and 4.8% in Arizona. The November 2005 Class 1 prices in CALIFORNIA were revised 10 cents lower to reflect an extra trading day on Columbus Day. The November Class 1 prices range from \$15.52 in the north to \$15.79 in the south. The statewide average Class 1 price based on production is \$15.57. The average is 4 cents lower than October 2005 and 14 cents less than November 2004. CALIFORNIA milk output is steady to higher. There remains a good call for fluid milk from bottlers. School orders have been steady with retail needs steady to higher. Some seasonal items, like eggnog, are being produced as orders develop. In the South, milk production was not impacted initially by rain. Supplies have been holding fairly steady on a week to week basis. There were some transportation issues after the interstate north of Los Angeles was closed for several hours early in the week. Central Valley production continues to move higher at levels above last year. Processing plants have capacity and want additional milk to make products despite some recent declines in butter and cheese prices. In the North, milk is steady to higher. Pasture conditions are declining as the growing season wanes. Milk production is moving seasonally higher across much of ARIZONA. Rains and cooler temperatures have been commonplace and cows are responding. Processing plants have been less active in recent weeks with lower volumes of milk available. Both a good call from fluid milk accounts and less surplus milk from nearby states are affecting milk supplies needing to be balanced. Bottled milk orders are steady from school accounts, but higher from retailers due to good fall demand and specials. NEW MEXICO milk is steady to moving higher. Volumes are higher than year ago levels. Milk movements are steady to bottlers in the region, but remain lower than desired towards the Southeast. Trucking and trucker availability issues are limiting the number of loads that can be shipped. CREAM markets are unsettled to weak. Both prices and multiples have been trending lower. Additionally, tanker availability and transportation costs are creating problems with shipping. Cream is moving slowly to sour cream and cream cheese accounts as those production areas are not building yet. Butter churning is active to process available cream supplies. CME Grade AA butter prices were at \$1.6250 at midweek, unchanged from a week ago, but after moving up, then declining. Cream multiples are in the 111 to 126 range and vary depending on class usage and basing point. Milk supplies are mixed in the PACIFIC NORTHWEST. Some areas are reporting higher milk receipts while other areas report less production. Reports are uniform that fat and protein tests are rebounding very well. (See graphs on page 13 of last week's report.) The corn silage harvest is just about wrapped up. Quality and yields appear to be about normal. Hay growers are struggling to finish up their last cutting of alfalfa on the east side of the region. Scattered showers are playing havoc with getting the hay dry. It is always a concern getting hay dry this late in the year because of cooler conditions and less sunshine. Frost has been very limited so far in the milk producing areas of UTAH and IDAHO. Production levels are up and tests are improving seasonally. Fall harvesting is just finishing up. Irrigation water supplies have generally been shut down for the season.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are mixed on a steady to firm market. Reduced prices reported by NASS last week are being reflected in the range of prices reported in the Central region this week. Because of increased energy costs, some independent plants are increasing their offering prices in compensation. Production of NDM is steady to lower as milk is diverted to Class II and Class III for production of seasonal holiday products. Some cheese plants continue to resell loads of NDM acquired earlier this year to defray some production costs. Argentinian NDM is reportedly available in the Central region at a discount to the market. Contracts and energy surcharges for 2006 are being discussed. Off grade NDM is available and trading competitively with off grade 34% WPC.

EAST: Prices are steady to lower. This week, the NASS price series (the basis for most NDM sales) declined about as much as it increased last week. The market tone remains mixed. Many of this week's conversations centered on fuel and energy costs. There is growing concern about the current and future availability of trucker/truckers to get milk and supplies into processing facilities as well as shipping finished products out. Contacts report that delivery costs are often the determining factor in sales. Also, there are natural gas supply and price issues for the upcoming winter. Production levels are steady to slightly heavier. With two cheese plants closing later this month, their suppliers have to find other outlets for the milk or increase their own processing schedules. Contacts state that NDM output in the East is expected to continue to be above typical fall levels through the end of the year. Demand for NDM is fair to good, but most spot sales are in the resale side of the market. Reportedly, the volumes of government sellback NDM are dwindling and less is being offered on the market. Producer inventories range from very light to ample. Some plants continue to make more medium and high heat powder while they have processing time and orders to fill.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9900 - 1.0650 MOSTLY: 1.0175 - 1.0450
 HIGHHEAT: 1.0375 - 1.1250

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices moved slightly lower. The change follows pricing adjustments lower on index values. The index values fluctuate depending on the prices and volumes of NDM that were shipped during the specified time frame. When lower priced export values are reported, the index value can adjust lower. The general tone of the market is steady to firm. With premiums and energy surcharges added to current index values, future prices tend to be higher, regardless of demand factors in the short term. Exports continue to be negotiated for fourth quarter 2005 and into 2006. These export trades will move sizable volumes of NDM and/or SMP. Drying schedules are seasonally active as milk production picks up in the region. Stocks are light to moderate. There are also stocks available in the resale trade. High heat prices are a little lower. Demand has picked up seasonally. Production has picked up with several producers making more for current and future needs. From January to August 2005, exports of NDM/SMP totaled 209,405 MT (461.7 million pounds), compared to 121,894 MT (268.7 million pounds), an increase of 72% from the same period in 2004. During August 2005, 54.8 million pounds of NDM/SMP were exported.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: .9600 - 1.0025 MOSTLY: .9700 - .9950
 HIGHHEAT: .9900 - 1.0275

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 14	\$.9763	4,978,078	0
October 7	\$.9643	5,293,811	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a steady market. Traders report the market as quiet. Producers that have a few loads to trade are holding supplies with confidence. Resale supplies are trading near the average on single loads or less than trucklot loads. Most trade is contractual. Production is light as condensed buttermilk continues to flow fairly well into ice cream operations. Additional supplies and movement are not anticipated until excess cream steadily flows into churns near the Thanksgiving holiday.

F.O.B. CENTRAL: .9500 - 1.0450

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone is unchanged. The Northeastern price range is nominal. Churning activity continues to show slight improvement as excess cream volumes are on the rise. Drying schedules are increasing as liquid buttermilk sales are slowing along seasonal patterns. Plant stocks are closely balanced.

F.O.B. NORTHEAST: .9600 - 1.0050
 DELVDSOUTHEAST: .9800 - 1.0600

DRY BUTTERMILK - WEST

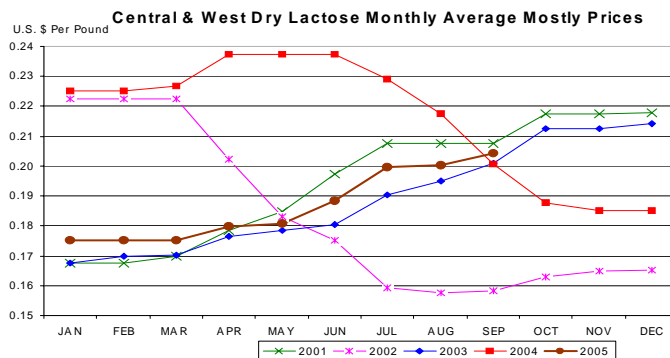
Western prices for dry buttermilk are fully steady. There is limited spot activity and contract sales are moving at a slow pace. Production levels are slightly higher than projections with heavier than expected volumes of butter being churned. Condensed buttermilk sales are not active. Seasonal dry buttermilk demand has been slow to build, despite pricing levels being more affordable when compared to nonfat dry milk and similar dairy powders. End users are taking buttermilk for traditional usage items, but development of new products containing buttermilk has been minimal. Stocks are light to moderate.

F.O.B. WEST: .9100 - .9650 MOSTLY: .9150 - .9250

DRY WHOLE MILK - NATIONAL

Prices are unchanged to fractionally higher and nominal. There is little change in this market. Drying schedules are geared toward meeting sales levels. Direct-from-the-producer spot sales remain light as most shipments are contractual.

F.O.B. PRODUCING PLANT: 1.3600 - 1.5000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY-CENTRAL

Prices on Extra Grade and feed grade whey are unchanged. The market is steady to firm. Most trade continues to occur on a contractual basis into domestic and export markets. Spot trade is extremely light with some resale offers noted between 3-5 cents over the average. Although supplies are very tight, resale trades at these higher prices are difficult to move. Contracts and energy surcharges are being discussed for 2006. Because energy surcharges are included in product prices reported, buyers are concerned in contracting supplies that list energy surcharges as a separate line item to the price as they feel they will be charged more than once for energy costs. Production is mostly steady as cheese plants prepare for seasonal holiday demand. Feed buyers are looking at alternative supplies of lactose and permeate and finding that these products are also limited in supply. Milk replacer quality stocks of whey are limited for the good interest.

F.O.B. CENTRAL: .2950 - .3175 MOSTLY: .2950 - .3050
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2675 - .2900

DRY WHEY-NORTHEAST AND SOUTHEAST

Prices are mostly steady this week, but producers and traders are all commenting on the increasing delivery costs and plant energy costs and how they are being passed along. Most buyers are resisting these increases, particularly to fixed increases. They feel that the surcharges should be based on some "sliding scale" to reflect both the increases and decreases. The market tone remains firm. Cheese production is about steady at moderate levels. However, in addition to last week's report about a cheese plant closing, it was noted that another plant is severely cutting back operations. This loss of cheese and whey output will impact the market, but to what degree is speculation. The Northeastern dry whey prices remain nominal. Most spot sales activity remains in the resale market. A few direct sales were noted, but most Eastern producers are either sold out or have little product on hand. The product on hand is usually sold to regular accounts. Demand is steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3100 - .3225
DELVD SOUTHEAST: .3225 - .3400

DRY WHEY-WEST

Prices for the Western whey range increased while the mostly series held steady. Production levels are somewhat mixed. More contacts are discussing and implementing energy surcharges. Producers are aggressively making sure that they keep product moving. Stocks range from in balance to tight. Both domestic and export interest remain strong. There is very little competitive whey from anywhere else in the world. Exports of dry whey for the period of January-August total 294.6 million pounds, up 39% from the same period last year. Exports account for 42% of total U.S. production during that period. Volumes and changes from last year for the top five export destinations are as follows: China 80.2 million pounds, +44%; Japan 38.4 million pounds, +127%; Korea 32.6 million pounds, +131%; Canada 31.4 million pounds, -15%; and Philippines 22.0 million pounds, +18%.

NONHYGROSCOPIC: .2975 - .3450 MOSTLY: .3100 - .3325

WHEY PROTEIN CONCENTRATE-CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. Domestic and New Zealand WPC 80% are reportedly competitive with WPC 34% for the fair buyer interest. Offers of Argentinian WPC 34% are also noted into domestic and foreign markets. Some orders into Mexico are being delayed due to reduced buyer demand. WPC 34% feed interest that is normally higher in the fall, is somewhat reduced as the higher prices are taking a toll on feed operations, especially for veal production. Off grade WPC 34% is available

at prices below the range. During the period of January – August 2005, WPC 34% exports increased 17.32% whereas WPC 80% exports decreased 18.72% compared to the same period in 2004. Export quantities and percentage changes for the dominant 34% WPC markets include: Mexico 16,451,538 lbs (+80.92%), China 6,788,981 lbs (+283.69%), Canada 5,899,226 lbs (+7.95%), Japan 4,408,882 lbs (-55.24%), and Brazil 3,965,437 lbs (+2878.81%). Export quantities and percentage changes for the dominant 80% WPC markets include: Canada 3,871,546 lbs (-12.22%), Mexico 3,036,451 lbs (+188.1%), China 1,119,632 lbs (-57.92 and N.C. from last month), and Japan 1,115,444 lbs (+15.68%).

F.O.B. EXTRA GRADE 34% PROTEIN: .8125 - .8625 MOSTLY: .8475 - .8575

LACTOSE-CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Production is steady. Supplies are limited for spot interest. Supplies are expected to remain short throughout the fourth quarter. Some discussions on 2006 contracts are taking place. Energy surcharges are expected to be assessed. With higher whey prices and increased availability of high protein products, some feed buyers are considering increasing their purchases of lactose or dry permeate in the next year. During the period of January – August 2005, lactose exports increased 39.91% compared to the same period in 2004. Export quantities and percentage changes for the dominant markets include: Japan 38,003,572 lbs (+16.37%), China 19,035,507 lbs (+198.05%), Mexico 15,520,788 lbs (+19.08%), Vietnam 8,724,975 lbs (+37.73%) and Thailand 6,065,849 lbs (+636.54). Exports accounted for 25.0% of production during the January – August 2005 period. This compares to 18.1% for the same time period in 2004.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2000 - .2500 MOSTLY: .2050 - .2300

CASEIN-NATIONAL

Casein markets and prices are generally holding steady. Traders and handlers state that they have sufficient volumes of casein to maintain steady delivery schedules. Some international traders and handlers are questioning what impact the closing of a casein operation in the UK will have on casein supplies. European traders and handlers indicate that with recent cuts in EU casein production aid and increasing competition for milk, additional casein operations may be shuttered. Current production is winding down seasonally. Some facilities are down completely while others are working under reduced production schedules. Domestic buyers state that they are getting their needs filled, although most indicate that prices remain higher than desired. Prices are higher than a year ago, but many buyers feel that prices will probably remain above \$3.00 for much of 2006.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2000 - 3.3500
ACID: 3.2000 - 3.3000

EVAPORATED MILK-NATIONAL

Prices and the market tone are unchanged. Production levels are mostly steady. However, reports indicate that another, albeit small, producing plant has slipped from the scene. This follows the July 1, notice of an operation stopping production of canned evaporated milk for the retail market. Demand is seasonally improving and deliveries to retailers' warehouses are on the rise. However, transportation is a growing issue. Producers who historically have been able to ship on just a few days notice are now having difficulty scheduling trucks a week or two in advance. Therefore, deliveries may not be as timely as desired. Producer stocks are lighter, which is typical for this time of year.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

SEPTEMBER MILK PRODUCTION

Milk production in the 23 major states during September totaled 13.0 billion pounds, up 4.9 percent from September 2004. August revised production, at 13.6 billion pounds, was up 4.8 percent from August 2004. The August revision represented an increase of 22 million pounds from last month's preliminary production estimate. Production per cow in the 23 states averaged 1,597 pounds for September, 64 pounds above September 2004. The number of milk cows on farms in the 23 states was 8.16 million head, 54,000 head more than September 2004, and 1,000 head more than August 2005. Milk production in the U.S. during the July-September quarter totaled 44.0 billion pounds, up 4.2 percent from the July-September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.05 million head, 27,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	JULY		JULY-SEPTEMBER		JULY		JULY-SEPTEMBER	
	2004	2005	2004	2005	2005	% CHANGE FROM 2004	2005	% CHANGE FROM 2004
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	17	16	--	--	47	-9.6
AK	--	--	1.2	1.1	--	--	3.4	-10.5
AZ	165	161	162	161	280	2.2	871	3.8
AR	--	--	24	22	--	--	69	-6.8
CA	1,737	1,765	1,733	1,763	3,080	3.4	9,360	2.5
CO	103	106	103	105	197	9.4	610	10.9
CT	--	--	20	20	--	--	92	-3.2
DE	--	--	7.0	7.5	--	--	32.3	11.4
FL	137	134	138	135	151	7.9	496	0.2
GA	--	--	84	81	--	--	309	-3.1
HI	--	--	6.0	5.3	--	--	17.4	-8.4
ID	431	470	430	466	874	14.0	2,684	13.8
IL	107	104	107	104	151	-1.9	473	-0.6
IN	150	156	150	156	252	9.1	778	8.4
IA	191	187	192	187	301	-0.3	931	-0.6
KS	115	112	115	112	185	3.9	564	2.7
KY	109	105	110	106	105	-2.8	327	-4.1
LA	--	--	37	34	--	--	87	-13.9
ME	--	--	34	33	--	--	151	-3.2
MD	--	--	73	72	--	--	281	1.4
MA	--	--	17	16	--	--	72	-1.4
MI	303	312	303	313	541	6.9	1,685	6.6
MN	465	450	465	453	646	1.7	2,018	1.7
MS	--	--	27	25	--	--	81	1.3
MO	121	115	121	116	129	-7.2	407	-6.7
MT	--	--	18	19	--	--	96	9.1
NE	--	--	61	60	--	--	264	3.9
NV	--	--	25	25	--	--	137	6.2
NH	--	--	16	16	--	--	74	---
NJ	--	--	12	12	--	--	47	-4.1
NM	325	333	327	331	569	4.8	1,778	5.0
NY	654	649	655	648	983	5.8	3,053	5.0
NC	--	--	56	54	--	--	233	-3.3
ND	--	--	34	32	--	--	132	-1.5
OH	266	270	266	270	381	4.7	1,175	4.2
OK	--	--	77	75	--	--	311	1.3
OR	120	121	120	121	188	--	583	0.3
PA	562	561	560	561	842	5.9	2,630	6.7
RI	--	--	1.1	1.1	--	--	4.7	---
SC	--	--	17	17	--	--	63	---
SD	--	--	80	81	--	--	358	7.5
TN	--	--	75	69	--	--	250	-5.7
TX	320	320	320	320	485	7.8	1,552	9.9
UT	--	--	88	88	--	--	427	2.6
VT	145	142	145	143	210	1.4	656	1.7
VA	104	105	104	105	137	2.2	426	2.7
WA	235	243	236	242	465	5.9	1,433	5.7
WV	--	--	13	13	--	--	48	2.1
WI	1,239	1,237	1,240	1,236	1,880	5.4	5,829	5.2
WY	--	--	4.3	5.0	--	--	18.5	13.5
20 STATE TOTAL	8,104	8,158	--	--	13,032	4.9	--	--
U.S. ^{5/ 6/}	--	--	9,027	9,054	--	--	44,024	4.2

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{5/} Includes states for which individual monthly estimates are not available. ^{6/} Milk cows will not add due to rounding. **SOURCE:** "Milk Production," Da 1-1 (10-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, SEPTEMBER

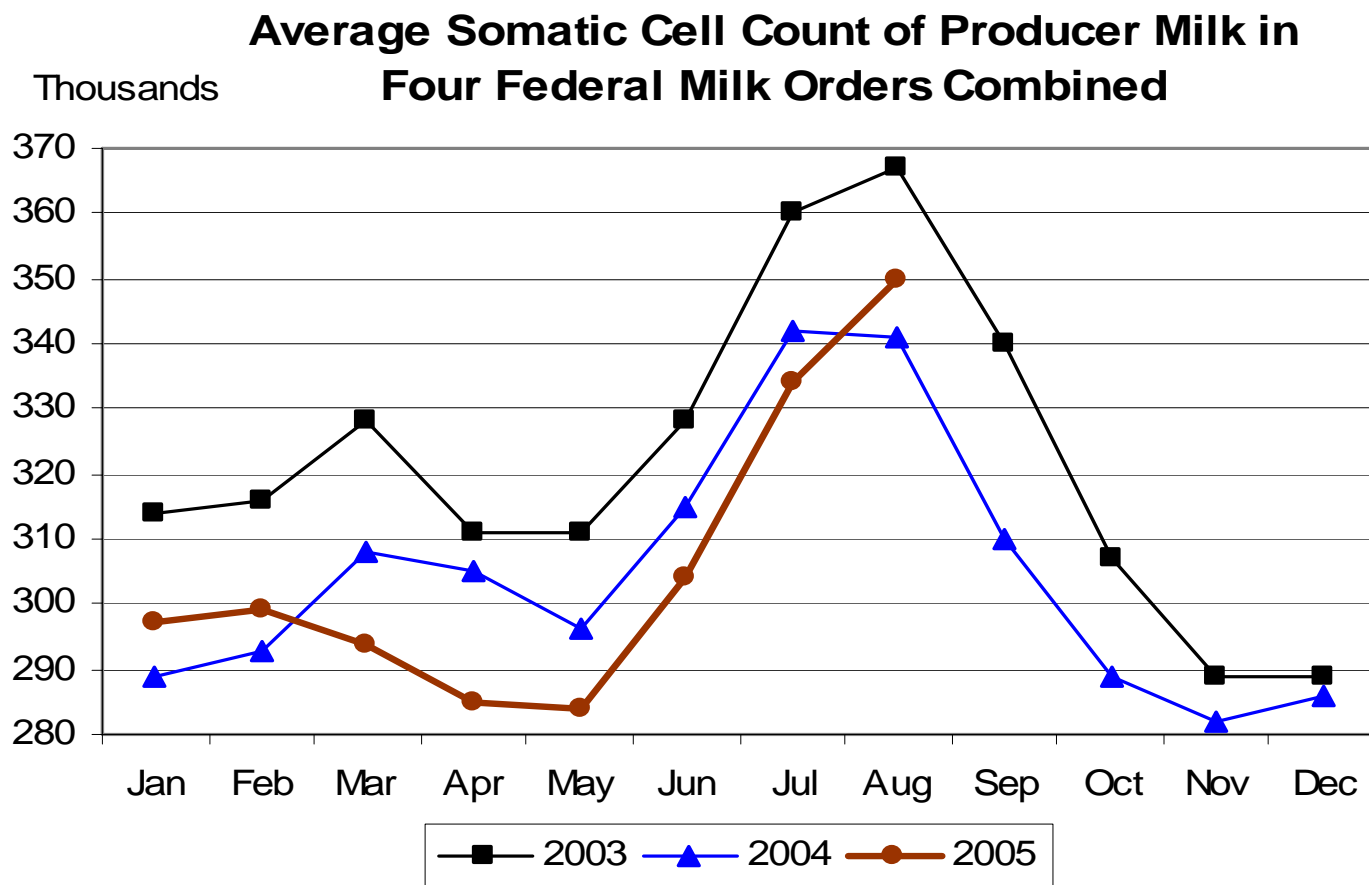
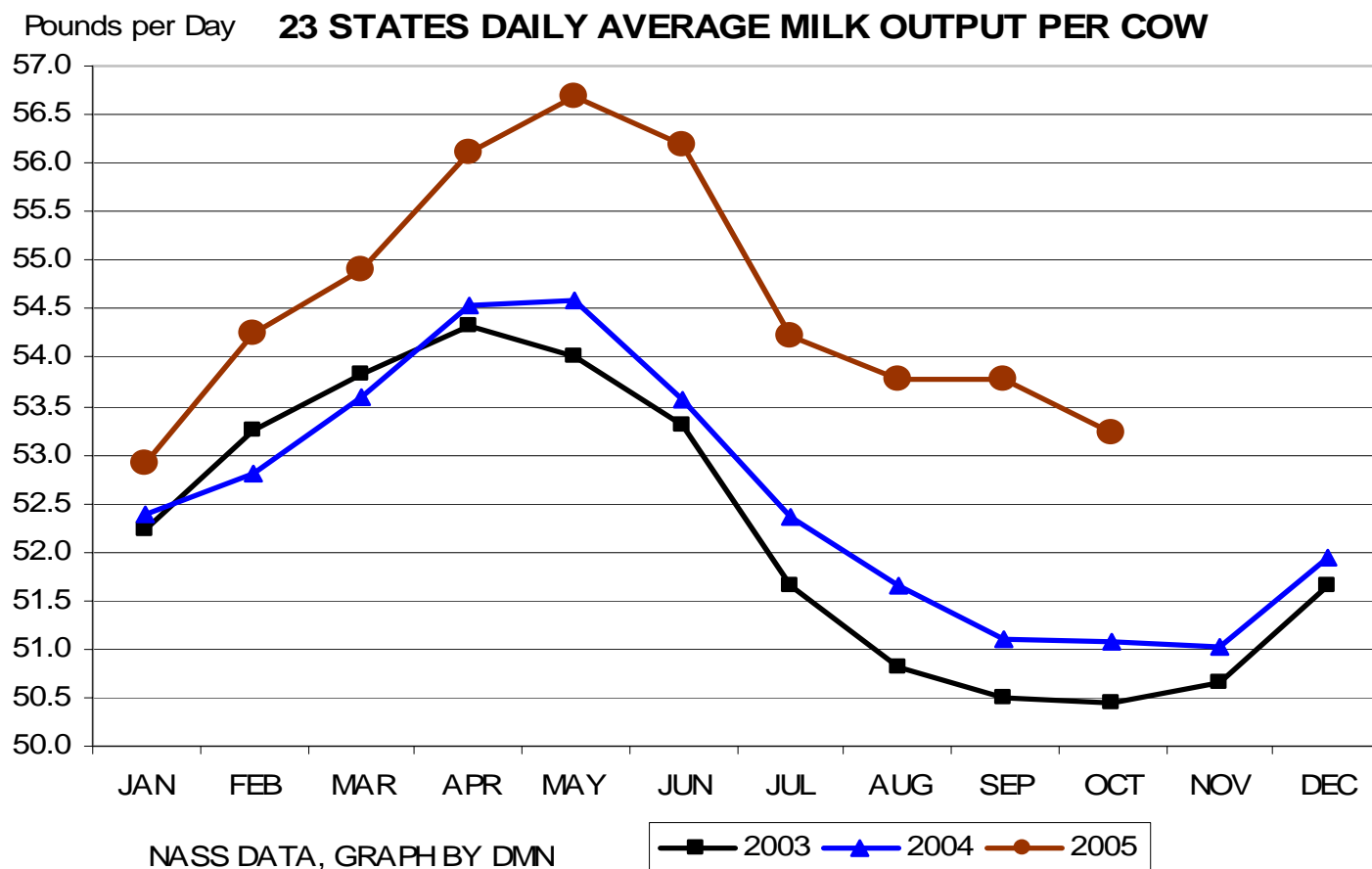
HIGHLIGHTS -- Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During September about 9.5 billion pounds of milk were received from producers. This volume of milk is 20.7 percent higher than the September 2004 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +1.3 percent.) About 3.8 billion pounds of producer milk were used in Class I products, 2.2 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2005 as compared to 2004. The all-market average Class utilization percentages were; Class I = 40%, Class II = 13%, Class III = 38%, and Class IV = 9%. The weighted average statistical uniform price was \$15.28 per cwt., \$0.12 higher than last month, and \$0.24 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2005										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,866.1	4.4	923.5	1.0	50	21	23	6	15.92
Appalachian (Charlotte)	005	466.2	-5.2	337.9	-6.9	72	16	6	6	16.37
Southeast (Atlanta)	007	569.2	1.7	397.6	1.0	70	10	12	8	16.32
Florida (Tampa)	006	227.1	19.1	201.4	18.9	89	8	1	2	17.47
Mideast (Cleveland)	033	1,431.2	7.1	576.3	3.6	40	17	38	5	14.94
Upper Midwest (Chicago)	030	2,075.5	60.8	391.8	4.4	19	6	73	2	14.59
Central (Kansas City)	032	1,234.5	62.6	382.3	3.8	31	12	49	8	14.75
Southwest (Dallas)	126	766.8	3.1	360.2	1.1	47	12	22	19	15.70
Arizona-Las Vegas (Phoenix)	131	217.8	0.1	86.3	4.9	40	11	36	13	15.02
Pacific Northwest (Seattle)	124	633.4	31.6	186.1	2.0	29	6	27	38	14.50
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	9,487.8	20.7	3,844.3	2.2	40	13	38	9	15.28

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ In September 2004, due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in Order Nos.033, 030, 032, 126, and 124, handlers elected not to pool 1.5 billion pounds of milk that normally would have been associated with these markets. After adjusting for these not-pooled volumes, the year-to-year percent change is +1.3.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 17 - 21, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 10/14/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	18,370,410	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	18,370,410	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 17 - 21, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.4	73.7
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	4.0	213.8
CUMULATIVE JAN. 1 - OCT. 21, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	57.2	3,076.6

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	0.0	7.2
WEST	-0-	-0-	-0-	-0-	-0-	16,580,693	0.0	90.3
EAST	-0-	-0-	-0-	-0-	-0-	458,150	0.0	2.5
TOTAL	-0-	-0-	-0-	-0-	-0-	18,370,410	0.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/01/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.7	6.6	2.6	14.9	2.8	0.6	N.A.	13.4	1.7	44.3	1,686.9	48.3	47.4
2004-Dairy	N.A.	0.7	6.8	2.7	15.6	3.2	0.6	N.A.	12.0	2.3	44.9	1,786.6	46.2	46.8
2005-All cows	N.A.	0.7	8.2	11.4	27.0	14.7	9.7	N.A.	15.7	2.1	91.7	3,558.4		
2004-All cows	N.A.	0.8	8.4	13.0	27.6	14.9	11.1	N.A.	14.0	4.8	97.1	3,820.0		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70	14.27	14.56	
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79	13.95	14.35			
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30			
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17	13.44	13.75			

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm

DAIRY MARKET NEWS HOME PAGE

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www.ams.usda.gov/dairy/mnncs/index.htm



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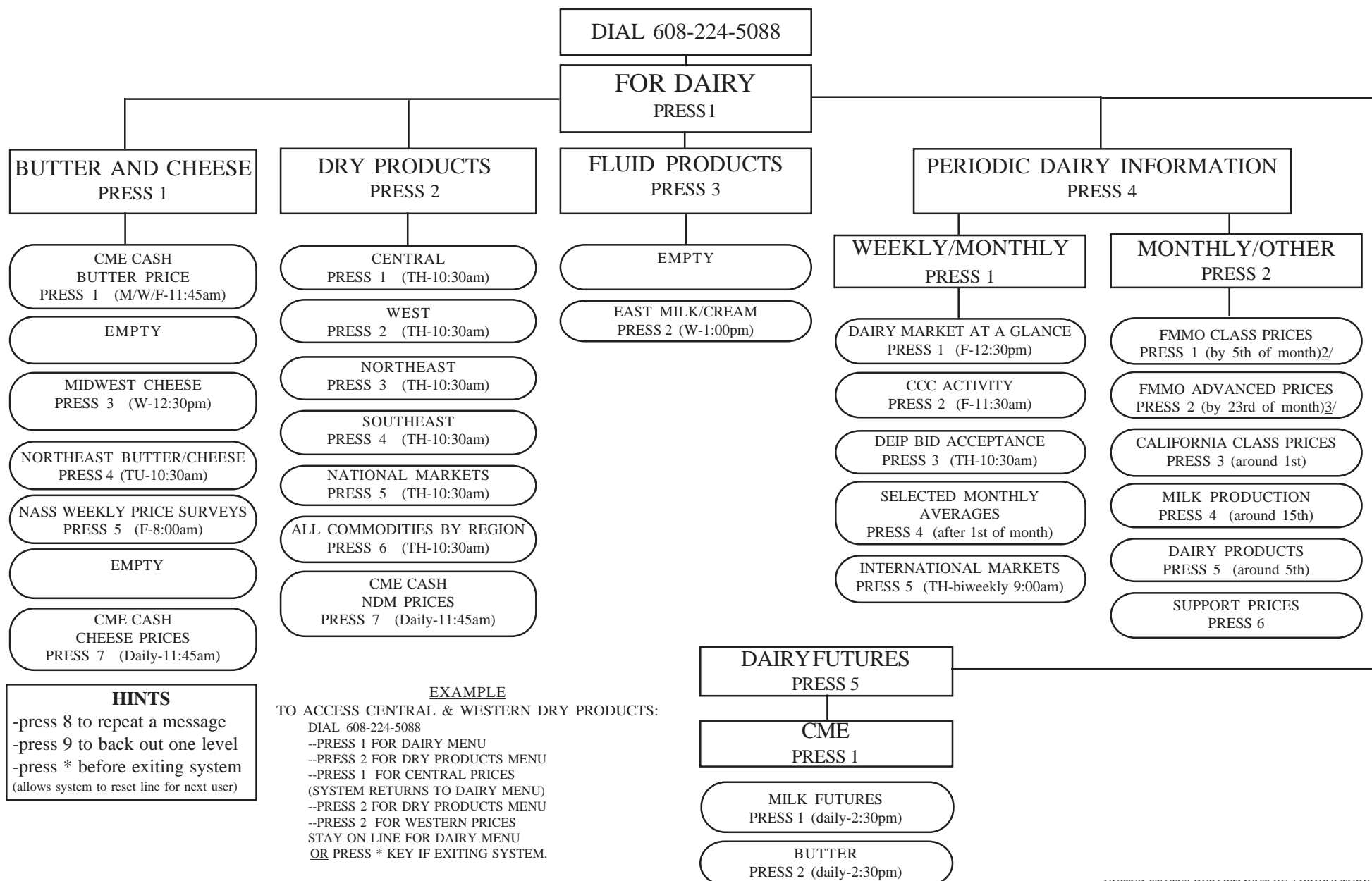
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1/ Holidays may affect release days and times. 2/ Released at 9:00am CT on the Friday before the 5th, unless this date is a Friday. 3/Released at 9:00am CT on the Friday before the 23rd of the month unless this date is a Friday.